



## 2005 - 2006 FLEXIBLE BENEFITS PLAN

# *Value Life's Benefits*

Commonwealth of Virginia

Flexible Benefits Program Sourcebook for Active State Employees  
Administered by the Department of Human Resources Management

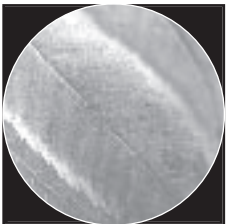
*Reference Guide*

EMPLOYER	PLAN ADMINISTRATOR	WEB ADDRESS
<b>Commonwealth of Virginia</b>	Department of Human Resource Management (DHRM) Office of Health Benefits (OHB)	<a href="http://www.dhrm.virginia.gov/compandbenefits.html">www.dhrm.virginia.gov/compandbenefits.html</a> e-mail: <a href="mailto:hbp@dhrm.virginia.gov">hbp@dhrm.virginia.gov</a>

CLAIMS PROCESSING & INFO	HOURS	PHONE /WEB ADDRESS
<b>Fringe Benefits Management Company</b> (Flexible Reimbursement Account)	FBMC Customer Service, Mon - Fri, 7 a.m. - 10 p.m. Interactive Benefits, 24 hours-a-day	1-800-342-8017 1-800-865-3262 <a href="http://www.fbmc-benefits.com">www.fbmc-benefits.com</a>

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The Commonwealth of Virginia's Flexible Benefits Program components are Premium Conversion and Flexible Reimbursement Accounts (FRAs).

- **Premium Conversion** allows you to receive a pre-tax benefit for your payroll-deducted contribution to your health benefits premium. All participants enrolled in a state health benefits plan are automatically enrolled for Premium Conversion.
- **FRAs allow** you to set aside part of your salary each pay period on a pre-tax basis for one or both of the following accounts:
  - **Medical Expense FRA**—provides reimbursement for eligible out-of-pocket medical, dental and vision care expenses not covered by your health benefits plan and
  - **Dependent Care FRA**—provides reimbursement for eligible expenses for the care of your child, disabled spouse, elderly parent or other dependent incapable of self-care.

Because of the tax advantages the Flexible Benefits Program provides, there are tax laws and Internal Revenue Service regulations governing how the program operates. For more detailed information or clarification, see your agency's Benefits Administrator or visit the DHRM Web site at: [www.dhrm.virginia.gov](http://www.dhrm.virginia.gov).

### Your FRA Plan Year Enrollment

Open Enrollment for FRAs is held in conjunction with Open Enrollment for health benefits to be effective July 1.

### Important Information

1. To enroll in a Reimbursement Account, visit EmployeeDirect or contact your agency's Benefits Administrator. Visit the DHRM Web site at: [www.dhrm.virginia.gov](http://www.dhrm.virginia.gov) for more information.
2. Enrollment in your FRAs must be done each plan year, even if your total contribution for the new plan year remains the same.
3. Employees who enroll through EmployeeDirect will receive a confirmation advising them that the request has been successfully processed. Employees should review their election profile for accuracy.
4. You will receive a confirmation letter for your FRA election(s) from Fringe Benefits Management Company (FBMC). Please review the letter to verify the type and amount of the election(s). If you discover an error, you must notify your agency's Benefits Administrator immediately.
5. If you have questions about the FRAs, call FBMC Customer Service at 1-800-342-8017, Monday - Friday, 7 a.m. to 10 p.m. ET, 1-800-955-8771 (TDD). You may also visit FBMC's Web site at [www.fbmc-benefits.com](http://www.fbmc-benefits.com).
6. **Remember, you have a three-month grace period at the end of the plan year for reimbursement of eligible FRA expenses incurred during your period of coverage within the plan year.**

### Medical Expense FRA:

Minimum: \$10 per pay period

Maximum for the plan year: \$5,000

### Dependent Care FRA:

Minimum: \$10 per pay period

Maximum for the plan year: \$5,000

The annual maximum contribution depends on your tax filing status. Participants should review the information on Page 10 of the Flexible Benefits Reference Guide, regarding the IRS calendar year limits on the Dependent Care FRA.

### IRS Calendar Year Limit for Dependent Care FRAs

The maximum amount you can set aside each year in a Dependent Care FRA is determined by the Internal Revenue Service (IRS) and based on:

- a calendar year (January through December) for tax purposes and
- your tax filing status.

If you enrolled in a Dependent Care FRA during the spring 2005 Open Enrollment and then decide to enroll next spring in a Dependent Care FRA for July 2006 – June 2007 Plan Year, carefully evaluate your elections to ensure they remain within the IRS limits. You cannot exceed the calendar year maximum established by the IRS for a Dependent Care FRA. For more information on IRS limits, see the Flexible Benefits Sourcebook or visit the Flexible Benefits Program link on the DHRM Web site (see Page 10 of this Flexible Benefits Program Sourcebook for Dependent Care FRA maximums).

Mid-year changes to your election are not allowed unless you experience a qualifying event as outlined in the Flexible Benefits Sourcebook. Any amount over the allowable dependent care maximum will be subject to all applicable taxes.

### "Use It or Lose It"

Be conservative when estimating your medical and/or dependent care expenses for the plan year. IRS regulations state that any unused funds which remain in a FRA after a plan year ends and all reimbursable requests have been submitted and processed within the grace period cannot be returned to you nor carried forward to the next plan year.

### Plan Year Closeout

You have a three-month grace period (until September 30, 2006) at the end of the plan year for reimbursement of eligible FRA expenses incurred during your period of coverage within the 2005-2006 Plan Year.



## Information on Your FRA Benefits

Information regarding your FRAs is right at your fingertips! You may either:

- visit the FBMC Web site at **www.fbmc-benefits.com** to check your account status, review frequently asked questions, download forms or complete a tax savings analysis to see if you would benefit by enrolling in a reimbursement account,
- call the Interactive Benefits Information line at **1-800-865-FBMC (3262)** to review your FRA benefit information and request claim forms, or
- send an e-mail to FBMC Customer Service at: **webcustomerservice@fbmc-benefits.com**.

**To access your personal account information, you will need your Social Security Number and Personal Identification Number (PIN).** (See Page 13 of the Flexible Benefits Sourcebook for more details).

## Enrollment Actions

To enroll in or make a change to a Medical or Dependent Care FRA, you must submit an enrollment action or request within the specified time period. For Open Enrollment, the request must be received by the end of the Open Enrollment period for the plan year. If you are requesting to make a change as a result of a qualifying mid-year event, you must submit the request within 31 days of the event (See the Changing Your Coverage section of the Flexible Benefits Sourcebook).

The enrollment request can be submitted in one of the following ways:

- Use EmployeeDirect on the Web. Visit the DHRM Web site at **www.dhrm.virginia.gov** and click on the EmployeeDirect link. Then, follow the online instructions.
- **Complete an FRA Election Form or the FRA section on the Health Benefits Enrollment Form for Active Employees and submit it to your Benefits Administrator.** You may find the forms on the Department of Human Resource Management (DHRM) Web site at **www.dhrm.virginia.gov** under the Compensation and Benefits link. They are also available from your agency Benefits Administrator.

## Eligibility

### Dependent Care FRA

All employees who are eligible to participate in the State Health Benefits Program are eligible to participate in the Dependent Care FRA. The initial election period is within 31 days following the date of eligible employment. (If you do not enroll during your election period, you must wait until the next plan year Open Enrollment or until you experience an event that permits a mid-year election change under your plans.)

### Medical Expense FRA

All employees who have been eligible to participate in the State Health Benefits Program for six continuous months may participate in the Medical Expense FRA Plan. (Note: Enrollment in the State Health Benefits Program is not required.) If you are a newly eligible employee wishing to participate in the Medical Expense FRA Plan, you must enroll within the **31 days prior** to completing six months of eligibility for the State Health Benefits Program. Elections received within the 31-day election period will be effective on the sixth-month anniversary date for State Health Benefits Program eligibility. (If you do not enroll during your election period, you must wait until the next plan year Open Enrollment to participate or until you experience an event that permits a mid-year election change under your plans.)

## Appeal Process

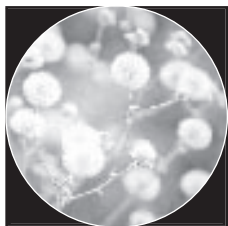
If you have an FRA reimbursement claim denied, in full or in part, you have the right to appeal the decision by sending a written request to the FBMC within 30 days of your denial.

Your appeal must state:

- why you think your request should not have been denied
- the name of your employer
- the date of the services for which your request was denied
- a copy of the denied request
- the denial letter you received
- any additional documents, information or comments you think may have a bearing on your appeal.

Upon FBMC's receipt of your appeal and supporting documentation, it will be reviewed. You will normally be notified of the results of this review within 30 business days from the receipt of your written appeal. In unusual cases, such as when review of your appeal requires additional documentation, the review may take longer than 30 business day. If your appeal is approved, additional processing time is required to modify your benefit elections.

*PLEASE NOTE:* Appeals are approved only if the extenuating circumstances and supporting documentation are within IRS regulations governing the plan.





## What is a Flexible Reimbursement Account?

Fringe Benefits Management Company (FBMC) provides you with IRS tax-favored Flexible Reimbursement Accounts (FRAs) to stretch your medical expense and dependent care dollars.

Flexible Reimbursement Accounts feature:

- IRS-approved reimbursement of eligible expenses tax free
- per-pay-period deposits from your pre-tax salary
- savings on income and Social Security taxes and
- security of paying anticipated expenses with your FRA.

## Is an FRA right for me?

If you spend money on recurring eligible expenses during your plan year, you may save money by paying for them with an FRA. A portion of your salary is deposited into your FRA each pay period.

- You decide the amount you want deposited.
- You are reimbursed for eligible expenses before income and Social Security taxes are deducted.
- You save income and Social Security taxes each time you receive wages.
- Determine your potential savings with a Tax Savings Analysis at [www.fbmc-benefits.com/customer/taxanalysis.asp](http://www.fbmc-benefits.com/customer/taxanalysis.asp).

## What types of FRAs are available?

Your employer offers you a Medical Expense FRA as well as a Dependent Care FRA. If you incur both types of expenses during a plan year, you can establish both types of FRAs.

### Medical Expense FRAs

Medical expenses not covered by your insurance plan may be eligible for reimbursement using your Medical Expense FRA, including:

- birth control pills
- eyeglasses
- orthodontia and
- certain Over-the-Counter items.

### Dependent Care FRAs

Dependent care expenses, whether for a child or an elder, include any expense that allows you to work, such as:

- day care services
- in-home care
- nursery and preschool and
- summer day camps.

Refer to the *Medical Expense FRA* and *Dependent Care FRA* sections of this Reference Guide for specifics on each type of FRA.

## Receiving Reimbursement

Your reimbursement will be processed within five business days from the time FBMC receives your properly completed and signed FRA Reimbursement Request Form. To avoid delays, follow the instructions for submitting your requests located in the FRA materials you will receive following enrollment.

## Direct Deposit

Enroll in Direct Deposit to expedite the time of your reimbursement.

- FRA reimbursement funds are automatically deposited into your checking or savings account.
- There is no fee for this service.
- You don't have to wait for postal service delivery of your reimbursement (however, you will receive notification that the claim has been processed).

To apply, complete the Enrollment Form available in your Enrollment Confirmation Kit, visit [www.fbmc-benefits.com](http://www.fbmc-benefits.com) or call **FBMC Customer Service at 1-800-342-8017**. Please note that processing your Direct Deposit enrollment may take between four to six weeks.

## Where can I get information about FRAs?

If you have specific questions about FRAs, contact FBMC Customer Service.

- Visit [www.fbmc-benefits.com](http://www.fbmc-benefits.com).
- E-mail [webcustomerservice@fbmc-benefits.com](mailto:webcustomerservice@fbmc-benefits.com).
- Call **1-800-342-8017** (Monday-Friday, 7 a.m.-10 p.m. ET).

Please note that due to FBMC's Privacy Policy, we will not discuss your account information with others without your verbal or written authorization.

## FRA Savings Example\*

with FRA		without FRA
\$31,000	Annual Gross Income	\$31,000
<u>- 5,000</u>	FRA Deposit for Recurring Expenses	<u>- 0</u>
\$26,000	Taxable Gross Income	\$31,000
<u>- 5,889</u>	Federal, Social Security Taxes	<u>- 7,021</u>
\$20,111	Annual Net Income	\$23,979
<u>- 0</u>	Cost of Recurring Expenses	<u>- 5,000</u>
\$20,111	Spendable Income	\$18,979

**By using an FRA to pay for anticipated recurring expenses, you convert the money you save in taxes to additional spendable income. That's a potential annual savings of**

**\$1,132!**

\* Based upon a 22.65% tax rate (15% federal and 7.65% Social Security) calculated on a calendar year

# 6 Flexible Reimbursement Accounts

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## FRA Guidelines:

1. The IRS does not allow you to pay your medical or other insurance premiums through either type of FRA. Refer to the "Written Certification" portion of the *Beyond Your Benefits* section of this Reference Guide for more specifics.
2. You cannot transfer money between FRAs or pay a dependent care expense from your Medical Expense FRA or vice versa.
3. You have a 90-day grace period (until September 30, 2006) at the end of the plan year for reimbursement of eligible FRA expenses incurred during your period of coverage within the 2005-2006 Plan Year.
4. You may not receive insurance benefits or any other compensation for expenses which are reimbursed through your FRAs.
5. You cannot deduct reimbursed expenses for income tax purposes.
6. You may not be reimbursed for a service which you have not yet received.
7. Be conservative when estimating your medical and/or dependent care expenses for the 2005-2006 Plan Year. **IRS regulations state that any unused funds which remain in your FRA after a plan year ends and all reimbursable requests have been submitted and processed cannot be returned to you nor carried forward to the next plan year.**

## What documentation of expenses do I need to keep?

The IRS requires FRA customers to maintain complete documentation, including keeping copies of invoices, bills and receipts for reimbursed expenses, for a minimum of one year.

## How do I get the forms I need?

To obtain forms you will need after enrolling in either a Medical Expense or Dependent Care FRA, such as an FRA Reimbursement Request Form, Letter of Medical Need or Direct Deposit Form, you can visit FBMC's Web site, **[www.fbmc-benefits.com](http://www.fbmc-benefits.com)**, or call **FBMC Customer Service at 1-800-342-8017**. For more information, refer to the Getting Answers section of this Reference Guide.

## Will contributions affect my income taxes?

Salary reductions made under a cafeteria plan, including contributions to one or both FRAs, will lower your taxable income and taxes. These reductions are one of the money-saving aspects of starting an FRA. Depending on the state, additional state income tax savings or credits may also be available. Your salary reductions will reduce earned income for purposes of the federal Earned Income Tax Credit (EITC).

To help you choose between the available taxable and tax-free benefits, or a combination of both, consult your tax advisor and/or the IRS for additional information.

## Termination of Eligible Employment

### *If you terminate your eligible employment*

**Medical Expense FRA:** You can continue contributing to your Medical Expense FRA on an after-tax basis by contacting your agency's Benefits Administrator to apply within **60 days** of termination. As long as you make contributions to your Medical Expense FRA, you can receive reimbursements on eligible expenses until the end of the month you exhaust your account balance or the plan year ends.

*If you do not continue to contribute to your Medical Expense FRA*, the period of coverage ends, and you cannot claim reimbursement for expenses you incur after you terminate employment. If you fail to make the full month's contribution, the account will terminate at the end of the month the last full contribution is received.

**Dependent Care FRA:** You cannot continue contributing to your Dependent Care FRA; however, you can continue to request reimbursement for eligible expenses incurred while you were actively at work through the end of the current plan year.

## Retirement

According to federal and state law in the case of group health benefits, if you participated in a Medical Expense FRA during the plan year, you may be able to continue your Medical Expense FRA coverage under Extended Coverage if you experience a triggering event under Extended Coverage laws. At the end of the plan year in which the Extended Coverage-qualifying event occurred, your Medical Expense FRA coverage will be canceled.

## Leave of Absence

**Medical Expense FRA (MFRA):** *If you go on unpaid leave*, you can continue contributing to your Medical Expense FRA on an after-tax basis by contacting your agency's Benefits Administrator. As long as you make contributions to your Medical Expense FRA, you can receive reimbursements on eligible expenses until you exhaust your account balance or the plan year ends.

If you **do not** continue to contribute to your Medical Expense FRA, the period of coverage ends, and you cannot claim reimbursement for expenses you incur during the unpaid leave.

**Dependent Care FRA (DFRA):** You **cannot** continue contributing to your Dependent Care FRA, and you cannot claim reimbursement for expenses you incur during unpaid leave.

**The Family and Medical Leave Act of 1993** may affect your rights concerning the continuation of your benefits while on unpaid leave. Consult with your Agency's Benefits Administrator for further information.

**Minimum Deposit:** \$10 per pay period  
**Maximum Deposit:** \$5,000 annually

## What is a Medical Expense FRA?

A Medical Expense FRA is an IRS tax-favored account you can use to pay for your eligible medical expenses not covered by your insurance or any other plan. These funds are set aside from your salary before taxes are deducted, allowing you to pay your eligible expenses tax free. A partial list of these eligible expenses can be found on this page.

## Whose expenses are eligible?

Your Medical Expense FSA may be used to reimburse eligible expenses incurred by:

- yourself
- your spouse
- your qualifying child or
- your qualifying relative.

An individual is a **qualifying child** if they:

- are a U.S. citizen, national or a resident of the U.S., Mexico or Canada
- have a specified family-type relationship to you
- live in your household for more than half of the taxable year
- are 18 years old or younger (23 years, if a full-time student) at the end of the taxable year and
- have not provided over one-half of their own support during the taxable year (and receive over one-half of their support from you during the taxable year if a full-time student age 19 through 23 at the end of the taxable year).

An individual is a **qualifying relative** if they are a U.S. citizen, national or a resident of the U.S., Mexico or Canada and:

- have a specified family-type relationship to you, are not someone else's qualifying child and receive over one-half of their support from you during the taxable year **or**
- if no specified family-type relationship to you exists, are a member of and live in your household (without violating local law) for the entire taxable year and receive over one-half of their support from you during the taxable year.

**Note:** There is no age requirement for a qualifying child if they are physically and/or mentally incapable of self care.

## When are my funds available?

Once you sign up for a Medical Expense FRA and decide how much to contribute, the maximum annual amount of reimbursement for eligible health care expenses will be available throughout your period of coverage.

Since you don't have to wait for the cash to accumulate in your account, you can use it to pay for your eligible health care expenses at the start of your deductions.

## Partial List of Medically Necessary Eligible Expenses\*

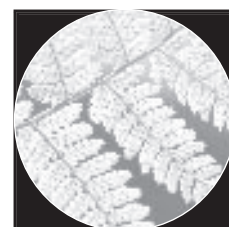
Acupuncture  
 Ambulance service  
 Birth control pills and devices  
 Chiropractic care  
 Contact lenses (corrective)  
 Dental fees  
 Diagnostic tests/health screening  
 Doctor fees  
 Drug addiction/alcoholism treatment  
 Drugs  
 Experimental medical treatment  
 Eyeglasses  
 Guide dogs  
 Hearing aids and exams  
 In vitro fertilization  
 Injections and vaccinations  
 Nursing services  
 Optometrist fees  
 Orthodontic treatment  
 Over-the-Counter items (limitations apply)  
 Prescription drugs to alleviate nicotine withdrawal symptoms  
 Smoking cessation programs/treatments  
 Surgery  
 Transportation for medical care  
 Weight-loss programs/meetings  
 Wheelchairs  
 X-rays

**Note:** Budget conservatively. No reimbursement or refund of Medical Expense FRA funds is available for services that do not occur within your plan year.

\* IRS-qualified expenses are subject to federal regulatory change at any time during a tax year. Certain other substantiation requirements and restrictions may apply, and will be supplied to you following enrollment.

## Are prescriptions eligible for reimbursement?

Yes, most filled prescriptions are eligible for Medical Expense FRA reimbursement, as long as you properly substantiate the expense. Proper submission of the reimbursement request is needed to ensure that the drug is eligible for reimbursement. The IRS requires the complete name of all medicines and drugs be obtained and documented on pharmacy receipts (including prescription number, date(s) of service and total dollar amount). This information must be included when submitting your request to FBMC for reimbursement.



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## Can travel expenses for medical care be reimbursed?

Travel expenses primarily for, and essential to, receiving medical care, including health care provider and pharmacy visits, may be reimbursable through your Medical Expense FRA. With proper substantiation, eligible expenses can include:

- actual round-trip mileage
- parking fees
- tolls and
- transportation to another city.

## Is orthodontic treatment reimbursable?

Orthodontic treatment designed to treat a specific medical condition is reimbursable through your Medical Expense FRA if the proper documentation is provided:

- a written statement from the treating dentist/orthodontist showing the type and date the service incurred, the name of the eligible individual receiving the service and the cost for the service and
- a copy of the patient's contract with the dentist/orthodontist for the orthodontia treatment (only required if a participant requests reimbursement for the total program cost spread over a period of time.)

Reimbursement of the full or initial payment amount may only occur during the plan year in which the braces are first installed. For reimbursement options available under your employer's plan, including care that extends beyond one or more plan years, refer to the information provided following your enrollment, or call FBMC Customer Service at 1-800-342-8017.

## Should I claim my expenses on IRS Form 1040?

With a Medical Expense FRA, the money you set aside for health care expenses is deducted from your salary before taxes. It is always tax free, regardless of the amount. By enrolling in a Medical Expense FRA, you guarantee your savings.

Itemizing your health care expenses on your IRS Form 1040 may give you a different tax advantage, depending on their percentage of your adjusted gross income. You should consult a tax professional to determine which avenue is right for you.

## Are some expenses ineligible?

Expenses not eligible for reimbursement through your Medical Expense FRA include:

- insurance premiums
- vision warranties and service contracts and
- cosmetic surgery not deemed medically necessary to alleviate, mitigate or prevent a medical condition.

## When do I request reimbursement?

You may use your Medical Expense FRA to reimburse eligible expenses after you have sought (and exhausted) all means of reimbursement provided by your employer and any other appropriate resource. Also keep in mind that some eligible expenses are reimbursable on the date available, not the date ordered.

## How do I request reimbursement?

Requesting reimbursement from your Medical Expense FRA is easy. Simply mail or fax a correctly completed FRA Reimbursement Request Form along with the following:

- an invoice or bill from your health care provider listing the date you received the service, the cost of the service, the specific type of service and the person for whom the service was provided and
- an Explanation of Benefits (EOB)\* from your health insurance provider that shows the specific type of service you received, the date and cost of the service and any uninsured portion of the cost or
- a written statement from your health care provider indicating the service was medically necessary if those services could be deemed cosmetic in nature, accompanied by the invoice or bill for the service. The IRS does not allow a Medical Expense FSA or a Dependent Care FSA plan to accept cancelled checks or credit card receipts (or copies) to show the cost of eligible medical or dependent care.

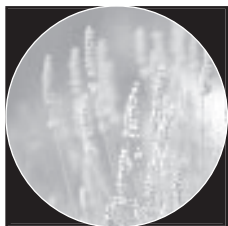
**Mail to:** Contract Administrator  
Fringe Benefits Management Company  
P.O. Box 1800  
Tallahassee, FL 32302-1800

**Fax to:** 850-425-4608

\* EOBs are not required if your coverage is through a HMO.

**Visit [www.fbmc-benefits.com](http://www.fbmc-benefits.com) for a list of frequently asked questions.**

**You must keep your documentation for a minimum of one year and submit to FBMC upon request.**





## Over-the-Counter Expenses

Your Over-the-Counter (OTC) items, medicines and drugs may now be reimbursable through your Medical Expense FRA! Save valuable tax dollars on certain categories of OTC items, medicines and drugs. You may be reimbursed for OTCs through your Medical Expense FRA if:

- the item, medicine or drug was used for a specific medical condition for you, your spouse and/or your dependent(s)
- the submitted documentation clearly states the purchase date and name of the item, medicine or drug
- the reimbursement request is for an expense allowed by your employer's Medical Expense FRA plan and IRS regulations and
- you submit your reimbursement request in a timely and complete manner already described in your benefits enrollment information.

**Note:** OTC items, medicines and drugs, including bulk purchases, must be used in the same plan year in which you claim reimbursement for their cost. The list of eligible OTC categories will be updated on a quarterly basis by FBMC. It is your responsibility to remain informed of updates to this listing, which can be found at [www.fbmc-benefits.com](http://www.fbmc-benefits.com). As soon as an OTC item, medicine or drug becomes eligible under any of the categories below, it will be reimbursable retroactively to the start of the then current plan year.

Newly eligible OTC items, medicines and drugs are not considered a valid change in status event that would allow you to change your annual Medical Expense FRA election or salary reduction amount. Be sure to maintain sufficient documentation to submit documentation for reimbursement. You may resubmit a copy of your documentation from your records if a rejected OTC expense becomes eligible for reimbursement later in the same plan year.

## Eligible Expense Categories

### Allergy

Antihistamines  
Nasal sprays

### Antacids

Heartburn medicines

### Cold Remedies

Cough drops  
Decongestants  
Nasal strips  
Nasal sprays  
Sinus medications  
Throat lozenges

### Pain Relief

Bug bite medication  
Fever reducers  
First aid creams (diaper, fever blister, poison ivy)  
Menstrual cycle products for pain and cramp relief  
Products for muscle or joint pain  
Special ointments or creams for sunburn  
Topical creams

### Other Medical Remedy Items

Anti-diarrheals  
Anti-fungals  
Antibiotics  
Asthma medications  
Bandages, gauze pads, rubbing alcohol, liquid adhesives

Carpal tunnel wrist supports  
Cold/hot packs for injuries  
Corn/callus removers  
Eye products (including reading glasses, contact lens cleaning solutions)  
First aid kits  
Hemorrhoid treatments  
Laxatives  
Motion sickness treatments  
Nicotine gum or patches for smoking cessation purposes  
Thermometers  
Wart removers

## Items Requiring Special Documentation\*

Botanicals/herbals  
Feminine hygiene products  
Hormones  
Minerals  
Nasal sprays for snoring  
Sunscreens  
Vitamins  
Weight-loss drugs to treat a specific disease

## Ineligible OTC Expenses

Cosmetics  
Toiletries  
OTC items primarily for general health and well-being

\* Contact FBMC Customer Service at [webcustomerservice@fbmc-benefits.com](mailto:webcustomerservice@fbmc-benefits.com) or call FBMC Customer Service at 1-800-342-8017 for more information. To obtain a sample Letter of Medical Need or Personal Use/Capital Expenditures Statement download a copy at [www.fbmc-benefits.com](http://www.fbmc-benefits.com).



**Minimum Deposit:** \$10 per pay period

**Maximum Deposit:** The maximum contribution depends on your tax filing status as the list below indicates.

## What is a Dependent Care FRA?

A Dependent Care FRA is an IRS tax-favored account you can use to pay for your eligible dependent care expenses to ensure your dependents (child or elder) are taken care of while you and your spouse (if married) are working. These funds are set aside from your salary before taxes are deducted, allowing you to pay your eligible expenses tax free. A partial list of these eligible expenses can be found on this page.

## Whose expenses are eligible?

You may use your Dependent Care FSA to receive reimbursement for eligible dependent care expenses for **qualifying individuals**.

A qualifying individual includes a **qualifying child**, if they:

- are a U.S. citizen, national or a resident of the U.S., Mexico or Canada
- have a specified family-type relationship to you
- live in your household for more than half of the taxable year
- are 12 years old or younger and
- have not provided over one-half of their own support during the taxable year.

A qualifying individual includes your **spouse**, if they:

- are physically and/or mentally incapable of self care
- live in your household for more than half of the taxable year and
- spend at least eight hours per day in your home.

A qualifying individual includes your **qualifying relative**, if they:

- are a U.S. citizen, national or a resident of the U.S., Mexico or Canada
- are physically and/or mentally incapable of self care
- are not someone else's qualifying child
- live in your household for more than half of the taxable year and
- spend at least eight hours per day in your home
- have a gross income less than the exemption amount and
- receive over one-half of their support from you during the taxable year.

**Note:** If you are the tax dependent of another person, you cannot claim qualifying individuals for yourself. You cannot claim a qualifying individual if they file a joint tax return with their spouse. Only the custodial parent of divorced or legally-separated parents can be reimbursed using the Dependent Care FRA.

## Partial List of Eligible Expenses\*

After school care  
Baby-sitting fees  
Day care services  
In-home care/au pair services  
Nursery and preschool  
Summer day camps

**Note:** Budget conservatively. No reimbursement or refund of Dependent Care FRA funds is available for services that do not occur within your plan year.

\* IRS-qualified expenses are subject to federal regulatory change at any time during a tax year. Certain other substantiation requirements and restrictions may apply, and will be supplied to you following enrollment.

## What is my maximum annual deposit?

- If you are married and filing separately, your maximum annual deposit is \$2,500.
- If you are single and head of household, your maximum annual deposit is \$5,000.
- If you are married and filing jointly, your maximum annual deposit is \$5,000.
- If either you or your spouse earn less than \$5,000 a year, your maximum annual deposit is equal to the lower of the two incomes.
- If your spouse is a full-time student or incapable of self-care, your maximum annual deposit is \$3,000 a year for one dependent and \$5,000 a year for two or more dependents.

## When are my funds available?

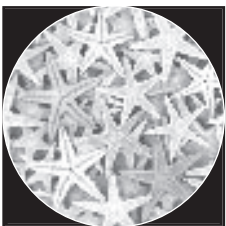
Once you sign up for a Dependent Care FRA and decide how much to contribute, the funds available to you depend on the actual funds in your account. Unlike a Medical Expense FRA, the entire maximum annual amount is not available during the plan year, but rather after your payroll deductions are received.

## Should I claim tax credits or exclusions?

Since money set aside in your Dependent Care FRA is always tax free, you guarantee savings by paying for your eligible expenses through your IRS tax-favored account. Depending on the amount of income taxes you are required to pay, participation in a Dependent Care FRA may produce a greater tax benefit than claiming tax credits or exclusions alone.

Remember, you cannot use the dependent care tax credit if you are married and filing separately. Further, any dependent care expenses reimbursed through your Dependent Care FRA cannot be filed for the dependent care tax credit, and vice versa.

To help you choose between the available taxable and tax-free benefits, or a combination of both, consult your tax advisor and/or the IRS for additional information. You may also visit **www.fbmc-benefits.com** to complete a Tax Savings Analysis.



## Are some expenses ineligible?

Expenses not eligible for reimbursement through your Dependent Care FRA include:

- books and supplies
- child support payments or child care if you are a non-custodial parent
- health care or educational tuition costs and
- services provided by your dependent, your spouse's dependent or your child who is under age 19.

## Will I need to keep any additional documentation?

To claim the income exclusion for dependent care expenses on IRS Form 2441 (Child and Dependent Care Expenses), you must be able to identify your dependent care provider. If your dependent care is provided by an individual, you will need their Social Security number for identification, unless he or she is a resident or non-resident alien who does not have a Social Security number. If your dependent care is provided by an establishment, you will need its Taxpayer Identification number.

If you are unable to obtain a dependent care provider's information, you must compose a written statement that explains the circumstances and states that you made a serious and earnest effort to get the information. This statement must accompany your IRS Form 2441.

**Be certain you obtain and submit all needed information when requesting reimbursement from your Dependent Care FRA. This information is required with each request for reimbursement.**

**A properly completed request will help speed along the process of your reimbursement, allowing you to receive your check or Direct Deposit promptly.**

## When do I request reimbursement?

You can request reimbursement from your Dependent Care FRA as often as you like. However, your approved expense will not be reimbursed until the last date of service for which you are requesting reimbursement has passed. Also, remember that for timely processing of your reimbursement, your payroll contributions must be current.

## How do I request reimbursement?

Requesting reimbursement from your Dependent Care FRA is easy. Simply mail or fax a correctly completed FRA Reimbursement Request Form along with an invoice or bill showing the following:

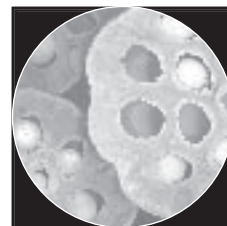
- the name, age and grade of the dependent receiving the service
- the cost of the service
- the name and address of the provider and
- the beginning and ending dates of the service.

Be certain you obtain and submit the above information when requesting reimbursement from your Dependent Care FRA. This information is required with each request for reimbursement. The IRS does not allow a Medical Expense FSA or a Dependent Care FSA plan to accept cancelled checks or credit card receipts (or copies) to show the cost of eligible medical or dependent care.

**Mail to:** Contract Administrator  
Fringe Benefits Management Company  
P.O. Box 1800  
Tallahassee, FL 32302-1800

**Fax to:** 850-425-4608

**Note:** If you elect to participate in the Dependent Care FRA, or if you file for the Dependent Care Tax Credit, you must attach IRS Form 2441, reflecting the information above, to your 1040 income tax return. Failure to do this may result in the IRS denying your pre-tax exclusion.



To figure out how much to deposit in your FRA, refer to the following worksheets. Calculate the amount you expect to pay during the plan year for eligible, uninsured out-of-pocket medical and/or dependent care expenses. This calculated amount cannot exceed established IRS and plan limits. (Refer to the individual FRA descriptions in this Reference Guide for limits.)

**Be conservative in your estimates, since any money remaining in your accounts cannot be returned to you or carried forward to the next plan year.**

### MEDICAL EXPENSE FRA WORKSHEET

Estimate your eligible, uninsured out-of-pocket medical expenses for the plan year.

#### UNINSURED MEDICAL EXPENSES

Health insurance deductibles \$ \_\_\_\_\_

Coinsurance or co-payments \$ \_\_\_\_\_

Vision care \$ \_\_\_\_\_

Dental care \$ \_\_\_\_\_

Prescription drugs \$ \_\_\_\_\_

Travel costs for medical care \$ \_\_\_\_\_

Other eligible expenses \$ \_\_\_\_\_

**TOTAL** \$ \_\_\_\_\_

**DIVIDE** by the number of paychecks you will receive during the plan year (always an even number).\* \$ \_\_\_\_\_

**This is your pay period contribution. (in whole dollar amounts only)** \$ \_\_\_\_\_

\* If you are a new employee enrolling after the plan year begins, divide by the number of pay periods remaining in the plan year.

### DEPENDENT CARE FRA WORKSHEET

Estimate your eligible dependent care expenses for the plan year. Remember that your calculated amount cannot exceed the calendar year limits established by the IRS.

#### CHILD CARE EXPENSES

Day care services \$ \_\_\_\_\_

In-home care/au pair services \$ \_\_\_\_\_

Nursery and preschool \$ \_\_\_\_\_

After school care \$ \_\_\_\_\_

Summer day camps \$ \_\_\_\_\_

#### ELDER CARE SERVICES

Day care center \$ \_\_\_\_\_

In-home care \$ \_\_\_\_\_

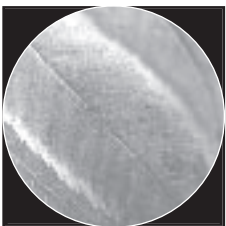
**TOTAL** Remember, your total contribution cannot exceed IRS limits for the plan year and calendar year. \$ \_\_\_\_\_

**DIVIDE** by the number of paychecks you will receive during the plan year (always an even number).\* \$ \_\_\_\_\_

**This is your pay period contribution. (in whole dollar amounts only)** \$ \_\_\_\_\_

\* If you are a new employee enrolling after the plan year begins, divide by the number of pay periods remaining in the plan year.

**At your request, your FRA reimbursement checks may be deposited into your checking or savings account by enrolling in Direct Deposit.**





Getting answers to many of your benefit questions is now easier than ever. FBMC Customer Service offers you a variety of resources to make inquiries on your Flexible Reimbursement Account, including information from the FBMC Web site, Interactive Voice Response system or Customer Service.

## FBMC Web Site

FBMC's Web site provides information regarding your benefits and comprehensive details on your Flexible Reimbursement Account(s).

By entering **www.fbmc-benefits.com** into your Internet browser, you will open FBMC's homepage. Answers to many of your benefit questions can be obtained by using the following navigational tabs located along the top portion of the home page.

### Account Information

When you select the '**Account Information**' tab, you'll be prompted to enter your Social Security number and Personal Identification Number (PIN). After this login, the following menu items will be available to you.

- **My Benefits**— includes information on current benefits, such as effective date, number of deductions and pre-tax annual contribution
- **My Account Transactions**— allows review of transactions from your current and previous plan years, including grace period information
- **Account Balance**— gives specifics about account availability, paid amounts and payment status
- **My Claims**— provides information on open and current reimbursement claims such as date received, status and amount authorized
- **Change In Status**— enables confirmation of request status, date received and effective date
- **Tax Savings Analysis**— calculates potential per-pay-period and annual tax savings as well as long-term savings (no login required)

### Downloading Forms

When you select the '**Download Forms**' tab, a choice of forms, including a Letter of Medical Need, FRA Reimbursement Request Form and Direct Deposit Form are posted for your convenience.

### Frequently Asked Questions

The '**Frequently Asked Questions**' tab provides answers to many of your general questions regarding Flexible Reimbursement Accounts and enrollment information.

### FBMC Customer Service

The '**Customer Service**' tab gives you a direct link to the FBMC Customer Service Center.

## FBMC Interactive Benefits

FBMC's 24-hour automated phone system, **Interactive Voice Response (IVR)**, can be reached by calling **1-800-865-FBMC (3262)**. This system allows you to access your benefits any time. By following the voice prompts, you can find out a great deal of information about your benefits.

- Current Account Balance(s)
- Claim Status
- Mailing Address Verification
- Obtain FRA Reimbursement Request Claim Forms
- Change Your PIN

### Personal Identification Number (PIN)

To access both the FBMC Web site and the Interactive Voice Response (IVR) system, all you need is your Social Security number (SSN). The last four digits of your SSN will be your first PIN, whether using the Web site or the IVR system. After your initial login, select your own confidential four-digit PIN to access both systems in the future. Your new PIN cannot be the last four digits of your SSN, as it was previously. If you forget your PIN, you may send an e-mail to a Customer Service Representative at **webcustomerservice@fbmc-benefits.com**. Once you've selected your new PIN, you may access information about your benefits.



#### Record PIN here.

Remember, this will be your PIN  
for both Web and IVR access.

**Note:** Please be sure to keep this Reference Guide in a safe, convenient place, and refer to it for benefit information.



## Am I permitted to make mid-plan year election changes?

Under some circumstances, your employer's plan(s) and the IRS may permit you to make a mid-plan year election change to your FRA election, or vary a salary reduction amount, depending on the qualifying event and requested change.

## How do I make a change?

You can change your Flexible Reimbursement Account (FRA) election(s), or vary the salary reduction amounts you have selected during the plan year, only under limited circumstances as provided by your employer's plan(s) and established IRS guidelines. Partial lists of permitted and not permitted qualifying events under your employer's plan(s) appear on the following page. Election changes must be consistent with the event. All election changes have to be approved by your agency's Benefits Administrator. Approval is subject to plan provisions and IRS guidelines. See Enrolling and Making Changes on the DHRM Web site.

**To Make a Change:** Within **31 days** of an event that is consistent with one of the events on the following pages, you must complete and submit an election change request to your agency's Benefits Administrator. See "Enrollment Actions" on Page 4. Documentation supporting your election change request is required. Upon the approval and completion of processing your election change request, your existing FRA(s) elections will be stopped or modified (as appropriate). Mid-plan year, pre-tax election changes can only be made prospectively, no earlier than the first of the month after your election change request has been received.

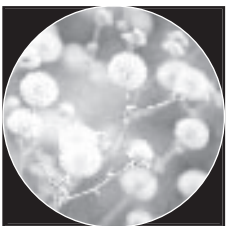
## What is my Period of Coverage?

Your period of coverage for incurring expenses is the plan year, unless you make a permitted mid-plan year election change. A mid-plan year election change will result in split periods of coverage, creating more than one period of coverage within a plan year and expenses incurred must be reimbursed from the correct period of coverage. For example, Ms. Stevens contributes \$300 to her Medical Expense FRA. She has requested reimbursement and submitted receipts in accordance with IRS rules. She exhausts all her funds. Five months into the plan year, Ms. Stevens gets married. Because she realizes her medical expenses will increase, she adds another \$300 to her election, creating a second period of coverage. Ms. Stevens can now use the second installment of \$300 for expenses that occurred after her Change in Status event effective date.

In some cases, a more complicated scenario may arise. For example, Mr. Smith contributed \$400 to his Medical Expense FRA during Open Enrollment. Currently, he has not used any funds. Six months into the plan year, Mr. Smith's wife has a child. Because he realizes his medical expenses will increase, he adds \$200 to his original contribution. Now, there is \$600 in Mr. Smith's Medical Expense FRA since he has not submitted any expenses for reimbursement. While he is able to use this entire amount for expenses incurred after the Change in Status event effective date (the date of his child's birth), Mr. Smith is prohibited from using the recently added \$200 for expenses that occurred before the Change in Status event effective date.

## What are the IRS Special Consistency Rules governing Changes in Status?

1. **Loss of Dependent Eligibility**— If a change in your marital or employment status involves a decrease or cessation of your spouse's or dependent's eligibility requirements for coverage due to: your divorce, or annulment from your spouse, your spouse's or dependent's death or a dependent ceasing to satisfy eligibility requirements, you may decrease or cancel coverage only for the individual involved. You cannot decrease or cancel any other individual's coverage under these circumstances.
2. **Gain of Coverage Eligibility Under Another Employer's Plan**— If you, your spouse or your dependent gains eligibility for coverage under another employer's plan as a result of a change in marital or employment status, you may cease or decrease that individual's coverage if that individual gains coverage, or has coverage increased under the other employer's plan.
3. **Dependent Care Expenses**— You may change or terminate your Dependent Care FRA election when a Change in Status (CIS) event affects (i) eligibility for coverage under an employer's plan, or (ii) eligibility of dependent care expenses for the tax exclusion available under IRC § 129.



## Changes in Status:

<b>Marital Status</b>	A change in marital status includes marriage, death of a spouse, divorce or annulment (legal separation is not recognized in all states).
<b>Change in Number of Tax Dependents</b>	A change in number of dependents includes the following: birth, death, adoption and placement for adoption. You can add existing dependents not previously enrolled whenever a dependent gains eligibility as a result of a valid CIS event.
<b>Change in Status of Employment Affecting Coverage Eligibility</b>	Change in employment status of the employee, or a spouse or dependent of the employee, that affects the individual's eligibility under an employer's plan includes commencement or termination of employment.
<b>Gain or Loss of Dependents' Eligibility Status</b>	An event that causes an employee's dependent to satisfy or cease to satisfy coverage requirements under an employer's plan may include change in age, student, marital, employment or tax dependent status.
<b>Change in Residence*</b>	A change in the place of residence of the employee, spouse or dependent that affects eligibility to be covered under an employer's plan includes moving out of an HMO service area.

## Some Other Permitted Changes:

<b>Coverage and Cost Changes*</b>	Your employer's plans may permit election changes due to cost or coverage changes. You may make a corresponding election change to your Dependent Care FRA benefit whenever you actually switch dependent care providers. However, if a relative (who is related by blood or marriage) provides custodial care for your eligible dependent, you cannot change your salary reduction amount solely on a desire to increase or decrease the amount being paid to that relative.
<b>Open Enrollment Under Other Employer's Plan*</b>	You may make an election change when your spouse or dependent makes an Open Enrollment Change in coverage under their employer's plan if they participate in their employer's plan and: <ul style="list-style-type: none"> <li>the other employer's plan has a different period of coverage (usually a plan year) or</li> <li>the other employer's plan permits mid-plan year election changes under this event.</li> </ul>
<b>Judgment/Decree/Order†</b>	If a judgment, decree or order from a divorce, legal separation (if recognized by state law), annulment or change in legal custody requires that you provide accident or health coverage for your dependent child (including a foster child who is your dependent), you may change your election to provide coverage for the dependent child. If the order requires that another individual (including your spouse and former spouse) covers the dependent child and provides coverage under that individual's plan, you may change your election to revoke coverage only for that dependent child and only if the other individual actually provides the coverage.
<b>Medicare/Medicaid†</b>	Gain or loss of Medicare/Medicaid coverage may trigger a permitted election change.
<b>Health Insurance Portability and Accountability Act of 1996 (HIPAA)</b>	If your employer's group health plan(s) are subject to HIPAA's special enrollment provision, the IRS regulations regarding HIPAA's special enrollment rights provide that an IRC § 125 cafeteria plan may permit you to change a salary reduction election to pay for the extra cost for group health coverage, on a pre-tax basis, effective retroactive to the date of the CIS event, if you enroll your new dependent within 30 days of one of the following CIS events: birth, adoption or placement for adoption. Note that a Medical Expense FRA is not subject to HIPAA's special enrollment provisions if it is funded solely by employee contributions.
<b>Family and Medical Leave Act (FMLA) Leave of Absence</b>	Election changes may be made under the special rules relating to changes in elections by employees taking FMLA leave. Contact your employer for additional information.

\* Does not apply to a Medical Expense FRA plan.

† Does not apply to a Dependent Care FRA plan.

## **IMPORTANT INFORMATION ABOUT YOUR EXTENDED COVERAGE RIGHTS**

### **What is continuation coverage?**

According to federal and state law in the case of group health plans (including a Medical Expense FRA Plan), if you are a covered employee who has lost group health plan coverage due to a triggering event governed by the Public Health Service Act (PHSA), you (as a participating employee), your spouse and dependents are each entitled to continue, as a qualified beneficiary, the group health plans (and Medical Expense FRA coverage with the level of coverage and elected annual limit reduced by reimbursable expenses) that were in effect at the time of the qualifying event. Contact your agency's Benefits Administrator to apply for Extended Coverage of your health insurance and/or Medical Expense FRA. To the extent that Extended Coverage applies, you will be referred by your agency's Benefits Administrator to contact the Contract Administrator, Fringe Benefits Management Company (FBMC), P.O. Box 1878, Tallahassee, FL 32302-1878, at 1-800-342-8017, to apply for continuation, on an after-tax basis, of your Medical Expense FRA.

Continuation coverage is the same coverage that the Plan gives to other participants or beneficiaries under the Plan who are not receiving continuation coverage. Each qualified beneficiary who elects continuation coverage will have the same rights under the Plan as other participants or beneficiaries covered under the Plan, including special enrollment rights. Specific information describing continuation coverage can be found in the Commonwealth of Virginia's Plan Document, which can be obtained from your employer.

### **How long will continuation coverage last?**

If you fund your Medical Expense FRA entirely, you may continue your Medical Expense FRA (on a post-tax basis) only for the remainder of the plan year in which your qualifying event occurs, **if** you have not already received, as reimbursement, the maximum benefit available under the Medical Expense FRA for the year. For example, if you elected a maximum Medical Expense FRA benefit of \$1,000 for the plan year and have received only \$200 in reimbursement, you may continue your Medical Expense FRA for the remainder of the plan year or until such time that you receive the maximum Medical Expense FRA benefit of \$1,000.

Continuation coverage will be terminated before the end of the maximum period if any required premium is not paid on time.

### **How much does continuation coverage cost?**

Generally, each qualified beneficiary may be required to pay the entire cost of continuation coverage. For Medical Expense FRAs, the cost for continuation of coverage is a monthly amount calculated and based on the amount you were paying via pre-tax salary reductions before the qualifying event. Administrative fees may apply.

### **When and how must payment for continuation coverage be made?**

#### ***First payment for continuation coverage***

If you elect continuation coverage, you do not have to send any payment for continuation coverage with the COBRA Election Form. However, you must make your first payment for continuation coverage **within 45 days after the date of your election**. (This is the date the Election Notice is post-marked, if mailed.) If you do not make your first payment for continuation coverage within that 45 days, you will lose all continuation coverage rights under the Plan.

Your first payment must cover the cost of continuation coverage from the time your coverage under the Plan would have otherwise terminated up to the time you make the first payment. You are responsible for making sure that the amount of your first payment is enough to cover this entire period. You may contact FBMC to confirm the correct amount of your first payment.

#### ***Periodic Payments for Continuation Coverage:***

After you make your first payment for continuation coverage, you will be required to pay for continuation coverage for each subsequent month of coverage. Under the Plan, these periodic payments for continuation coverage are due on the **first day of each month**. If you make a periodic payment on or before its due date, your coverage under the Plan will continue for that coverage period without any break.



***Grace Periods for Periodic Payments:***

**Although periodic payments are due on the dates shown above, you will be given a grace period of 30 days to make each periodic payment.** Your continuation coverage will be provided for each coverage period as long as payment for that coverage period is made before the end of the grace period for that payment. If you pay a periodic payment later than its due date but during its grace period, your coverage under the Plan will be suspended as of the due date and then retroactively reinstated (going back to the due date) when the periodic payment is made. This means that any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated.

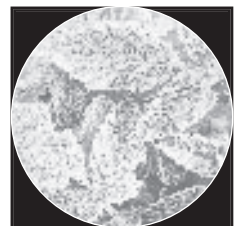
**If you fail to make a periodic payment before the end of the grace period for that payment, you will lose all rights to continuation coverage under the Plan.**

**For More Information**

This section does not fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the Plan is available in your summary plan description or from the your employer. You can get a copy of your plan document from: the Commonwealth of Virginia – Department of Human Resource Management.

**Keep Your Address Updated**

In order to protect your family's rights, you should keep your employer informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to FBMC.



**Social Security**

Social Security consists of two tax components: the FICA or OASDI component (the tax for old-age, survivors' and disability insurance) and the Medicare component. A separate maximum wage to which the tax is assessed applies to both tax components. There is no maximum taxable annual wage for Medicare. The maximum taxable annual wage for FICA is subject to federal regulatory change. If your annual salary after salary reduction is below the maximum wage cap for FICA, you are reducing the amount of taxes you pay and your Social Security benefits may be reduced at retirement time.

However, the tax savings realized through the Flexible Benefits Plan generally outweigh the Social Security reduction. Call FBMC Customer Service at 1-800-342-8017 for an approximation.

**FBMC Privacy Notice****4/14/03**

This notice applies to products administered by Fringe Benefits Management Company and its wholly-owned subsidiaries (collectively "FBMC"). FBMC takes your privacy very seriously. As a provider of products and services that involve compiling personal—and sometimes, sensitive—information, protecting the confidentiality of that information has been, and will continue to be, a top priority of FBMC. This notice explains how FBMC handles and protects the personal information we collect. Please note that the information we collect and the extent to which we use it will vary depending on the product or service involved. In many cases, we may not collect all of the types of information noted below. FBMC's privacy policy is as follows:

- I. We collect only the customer information necessary to consistently deliver responsive services. FBMC collects information that helps serve your needs, provide high standards of customer service and fulfill legal and regulatory requirements. The sources and types of information collected generally varies depending on the products or services you request and may include:
  - Information provided on enrollment and related forms - for example, name, age, address, Social Security number, e-mail address, annual income, health history, marital status and spousal and beneficiary information.
  - Responses from you and others such as information relating to your employment and insurance coverage.
  - Information about your relationships with us, such as products and services purchased, transaction history, claims history and premiums.
  - Information from hospitals, doctors, laboratories and other companies about your health condition, used to process claims and prevent fraud.
- II. Under HIPAA, you have certain rights with respect to your protected health information. You have rights to see and copy the information, receive an accounting of certain disclosures of the information and, under certain circumstances, amend the information. You also have the right to file a complaint with the Plan in care of the Office of Health Benefits' (OHB) Program Privacy Officer or with the Secretary of the U.S. Department of Health and Human Services if you believe your rights under HIPAA have been violated.

Additional information that describes how medical information about you may be used and disclosed and how you can get access to this information is provided electronically on our Web site: [www.dhrm.virginia.gov](http://www.dhrm.virginia.gov). You have a right to a paper copy at any time. Contact your agency's benefits administration.

- III. We maintain safeguards to ensure information security. We are committed to preventing unauthorized access to personal information. We maintain physical, electronic and procedural safeguards for protecting personal information. We restrict access to personal information to those employees, insurance companies and service providers who need to know that information to provide products or services to you. Any employee who violates our Privacy Policy is subject to disciplinary action.
- IV. We limit how, and with whom, we share customer information. We do not sell lists of our customers, and under no circumstances do we share personal health information for marketing purposes. With the following exceptions, we will not disclose your personal information without your written authorization. We may share your personal information with insurance companies with whom you are applying for coverage, or to whom you are submitting a claim. We also may disclose personal information as permitted or required by law or regulation. For example, we may disclose information to comply with an inquiry by a government agency or regulator, in response to a subpoena or to prevent fraud.

If you no longer have a customer relationship with us, we will still treat your information under our Privacy Policy, but we will no longer send notices to you. In this notice of our Privacy Policy, the words "you" and "customer" are used to mean any individual who obtains or has obtained an insurance, financial product or service from FBMC that is to be used primarily for personal or family purposes.

**Notice of Administrator's Capacity**

PLEASE READ: This notice advises Flexible Reimbursement Account participants of the identity and relationship between the Commonwealth of Virginia and its Contract Administrator, Fringe Benefits Management Company (FBMC). FBMC is not an insurance company. FBMC has been authorized by your employer to provide administrative services for the Flexible Reimbursement Account plans offered herein. FBMC will process claims for reimbursement promptly. In the event there are delays in claims processing, you will have no greater rights in interest or other remedies against FBMC than would otherwise be afforded to you by law.

**Written Certification**

When enrolling in either or both FRAs, written notice of agreement with the following will be required:

- I will only use my FRA to pay for IRS-qualified expenses eligible under my employer's plan and only for my IRS-eligible dependents
- I will exhaust all other sources of reimbursement, including those provided under my employer's plan(s) before seeking reimbursement from my FRA
- I will not seek reimbursement through any additional source and
- I will collect and maintain sufficient documentation to validate the foregoing.





Contract Administrator  
Fringe Benefits Management Company  
P.O. Box 1878 • Tallahassee, Florida 32302-1878  
Customer Service 1-800-342-8017 • 1-800-955-8771 (TDD)  
[www.fbmc-benefits.com](http://www.fbmc-benefits.com)

Information contained herein does not constitute an insurance certificate or policy.  
Certificates will be provided to participants following the start of the plan year, if applicable.